

Single-Family Housing

Section 502

Guaranteed Loans

PROGRAM DESCRIPTION: A guaranteed loan program to lenders serving moderate income families seeking financing for home ownership.

TYPE OF ASSISTANCE: A non-subsidized home ownership financing program targeting, but not limited to, first time home buyers. Loans may be up to 100 percent loan to value.

ELIGIBILITY REQUIREMENTS: Applicant family must:

- Have an acceptable credit history.
- Have an adequate and dependable family income not exceeding 115 percent of the county median income.
- Have repayment capacity (based on payments as a percentage of gross family income). Maximum ratios: 29 percent for principal, interest, taxes, and insurance/41 percent total obligations.
- Be a citizen or a non-citizen admitted to the United States of America for permanent residence or on indefinite parole.
- Be without adequate housing.
- Have the ability to personally occupy the home on a permanent basis.
- Be located in a community with a population of 20,000 or less.
- The property must meet HUD minimum property standards.

FUND AVAILABILITY AND MAXIMUM LOAN AMOUNTS: Funding is based upon annual appropriations. There is no maximum loan amount, other than the borrower's repayment capacity.

INTEREST RATE: Negotiated between the lender and the borrower (cannot exceed Fannie Mae's 90-day 30-year rate plus 60 basis points).

TERMS: 30-year fixed mortgage on real estate financed.

FEES: Guaranteed fee of 2.0 percent of the loan amount can always be included in the loan. Refinancing of an existing USDA loan fee is 0.5%.

CREDIT REQUIREMENTS: Applicant family must have a credit record, which reflects a history of meeting obligations as they become due.

CONTACT: Applications are filed with local lending institutions (banks, savings & loan institutions, mortgage brokers, etc.) throughout the state. For a listing of approved lenders, contact Guaranteed Housing Specialist Earl Tatlow at 602-280-8709. You can also check with a local lending institution.